GF

1916-17

File No.: 40 of 1916

Serial No.- 20, 24, 31, 32, 33

Revenue

G. R. S. IX-5]

Previous references.

G.J 58-15(8)
Banks 19-13(49 & 50) 1916-17
G.J 58-15(1)
Banks 19-12(30, 35 & 36)(G.J)

Later references.

S.F 16-17 & 27, 29, 32 & 34,
" Bkg 18
" 159-18 & 1-7, 13 Feb 1919

File No. 40-16

Serial Nos. 20, 24, ... 31, 32, 33

P=48

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 20, 24 ..... 31, 32 & 33

Part B for Aug. 17

SUBJECT.

Bank of Mysore.

Sr: 20 Brings to the notice of Govt certain facts for Consideration in Connection with the rate of interest to be charged on the interest bearing deposits of Govt money lodged with the Bank——

Sr: 33 ... bearing 4% interest on the current bearing deposits for one year

W D 88—GPB—50,000—24-7-16

Init 17.9.17

G. R. S. 11]

191 6-17 File No 40-1916

GENERAL AND REVENUE SECRETARIAT. Secs 20, 24, 31, 32, -33

(G. F.)

NOTES.

File No. 40-

FILE HEADING.

Bank of Mysore

From

The Comptroller

No. 2091 / BK 709 Dated 26/27 . 2 . 17 Received 28 . 2 . 17

Diary No. 2010	Enclos. 1	Spare Copies.	Serial No. 20

BRIEF ABSTRACT OF LETTER.

Brings to the notice of Govt certain facts for consideration in connection with the rate of interest to be charged on the interest bearing deposit of Govt money lodged with the Bank

NOTES AND ORDERS.

1) The Comptroller has made a very strong case for raising the rate of interest on the interest bearing deposit with the Bank of Mysore. The institution is no longer

NOTES—First Sheet.

GPB—20,100 - 8 8-14

G. R. S. 12]

General and Revenue Secretariat. C. F. File No. 40 of 1916.

Serial No.

in a stage requiring special protection from fork. & this is also the tightness of the money market to be considered on acct of the war. The right of fixing interest from year to year is reserved by Govt (Fl 873/B 19-13-50 dt 26-8-1914)

May 0

2) The Comptr's suggestion in the last para of his letter that the the rate of interest that may be fixed now may be made to have retrospective effect from 1st January 17 cannot be enforced on the Bank in face of the existing contract running upto the end 30th April 17 Sealed with previous references on the question

Ext Bdy 2/3 3) That the rate of 3% interest, at which 5 lakhs is lent to the Mysore Bank is very low admits of no argument.

The question is whether this concession shd be allowed for some years more or be withdrawn ~~see back note to proceedings~~ by asking the Bank to pay reasonable interest at the market-rate — It seems desirable to slightly increase the rate from year to year, when renewing the concession —

Flag) 18

3.3.1917.

NOTE—Contn. sheet.

2016

G. R. S. 12]

General and Revenue Secretariat. | G 2 File No. 40 of 1916.

Serial No.

4) From 1st May 1917 to 31st Dec 1917 the rate may be fixed at 5%.

5) Even on reserves invested in gilt edged securities the Bank can earn that rate & a little more.

6) In future rates will be fixed for each calendar year as suggested by the Comptr.

M
11/3

2239/12/3

1st Member. Dewan) 7) As proposed seem reasonable & may be affirmed

5145/12-3-17

MEN
12/3 M 12/3

8) The Mysore Bank may be asked why they should not pay the same rates as the Presidency Banks do. Reasonable arrangements may be come to and definite proposals submitted.

14.4.17

M/s Fri

9) Please address Mysore Bank

M
2/5-

nil

10) Draft-attached
M
2/5-

11) Draft sent to 1st Member before issue

2961/5.5.17

12) Draft approved by 1st member
M
4/5-17

4/5/17 13) Issue today
M
4/5-

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. 12]

General and Revenue Secretariat. | G. F. File No. 40 of 1916.

Serial No.	
24	I The Manager Bank of Mysore Ltd: H 6946 Dt: 5.5.17 Enquiries why the Bank should not pay reasonable interest regulated w/ the Bank rate on the abve. Deposit of 5 lakhs, as the presidency Banks in British India do on advances obtained from Govt.
	I The Comptroller to Govt H 1947 Dt: 5.5.17 Copy of the abve as forwarded with reqst for 20
	From the Manager Bank of Mysore Bro G 81/171 Dt 10-5-17. 'Replies to the query raised in H 24
14)	Noted with reference to Devans orders in para 8 supra.
15)	In (a) The letter of the 19th April 16 referred to in the Managers letter is the representation in the matter of raising the interest made by the Bank when the question came up for consideration each year.
16)	In (b) The Boards view is that the interest now fixed viz 3 p c is to

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2)

General and Revenue Secretariat. | G 7 File No. 40 of 191 6.

Serial No.

To continue right thus the period of concession - This is an old contention set at rest by the interpretation of Govt in their communication to the Bank in H 873/B 19-13-50 & 26-8-14 informing them that Govt consider it desirable to retain the right of fixing interest from year to year.

17) (c) The Board are of opinion that there is no analogy in regard to financial arrangements as existing between Imperial Bank & Govt as between Presidency Banks & Govt of India.

18) This is a matter of opinion. It is enough that Govt consider that there is analogy & to state that the Imperial Govt lay undue stress on the question of interest as apart from considering primary functions pursued by the Bank is not justified as proposed.

19) The Govt of India maintain large balances in the Presidency

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | G 7 File No. 40 of 1916.

Serial No.

Banks for financing European trade. At least this is the view of the matter by the Indian mercantile community as voiced in the Indian Press.

20) In (3) The recommendation of the Royal Commn to lend such surplus is not given effect to because the Banks get at the surplus without having to pay interest

21) In (5) The question of lodging a portion of the surplus balances in the Bank on the same terms as ~~the~~ are granted to the Madras Bank is a point for orders & has no bearing on the present question.

22) In (7) The Boards request for a free balance of 7 lacs etc - is another point for orders - while disclaiming an analogy with the Presidency Banks in para (2) of the letter the present request is entirely based on such analogy - for a question of the reasons which made

NOTE—Contn. sheet.

2738

WD 1233—GPB—60,000—1-12-16—S.

7

G. R. S. III-2]

General and Revenue Secretariat. | Gf File No. 40 of 1916.

Serial No.

The Govt of India agree to deposit money - which is for quite a different reason altogether - not for financing trade.

V

23) The statement of affairs recd on 30 th April 16 from the Bank is put up showing ~~a total balance of £40,972 shown as deposit in the Savings Bank & was required to be explained in the light of the demand for more money urged in the last para of the letter.~~

Secy's note 11/5 Personally discussed the matter with the Chairman & the manager, Bank of Mysore. Vide Swami's note of 10.5.17 in the linked file.

Further note in the matter is awaited from

A | Mr. Rose, with Agencies Department, from the Bank - after consulting HE Secy - To be resubmitted on the 29th inst. 22/5/17.

Secy R

Subd. Secy 29.5.17. HE Secy). 18 29/5/17

If Mr. Rose has promised a further

NOTE—Contn. sheet.

2738
3163

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

8

General and Revenue Secretariat. | G 7 File No. 40 of 1916.

Serial No.

note as I make out from A please ascertain when it may be expected —

MR

13/6 Draft-letter
15
14/6

Draft sent
for MR. Issued
14/6 14/6

To the Manager Bank of Mysore
D. O. No. 75-26 G. 14-6-17.

Requests to know when the further note with definite proposals promised at the personal discussion may be expected and also information about the Baroda Bank.

From the Manager Bank of Mysore
31 Ltr G 9/214 G. 18-6-17.

Forwards copy of agreement between the Baroda Govt. & the Baroda Bank in connection with the work of the Baroda Mysore Treasury & further informs that he is arranging for a personal discussion in course of the week.

32 Sent for MR. 23/6 Forwards a further note on the subject, and states that according

NOTE—Contn. sheet.

3153 3177 WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. G 7 File No. 40 of 1916 9

Serial No.

6 Memo of 12.3.1913 from Mad Customs re Concession of charging 3% on the States deposits for Mepalle Bench of 10 years—

No further definite proposals are offered by the Bank—Vide my note of 22.5.1917—

The Bank is not agreeable to pay anything more than 3%, and it does not wish to lose an inch from that old claim of argument. It is for Govt. officially decide whether they shd continue to allow the Concession for Mepalle Bench of 10 years or charge reasonable interest on the deposits of States—

Govt. 28 23.6.17.

3 Kindly see my note of 11.3.17 on page 13. I adhere to that opinion—If the Bank pays reasonable interest at 5% instead of 3% for 1917-18, the party affected will be the share holders of the Bank & not at all the public served by the Bank.

In his letter of 11th May 1917 Mr. Pattabhi observes: "The Bank deserves to be treated as an institution which serves the public with greater sympathy & fairness, if it is to make headway &c." For serving the public it is necessary that the Bank shd have

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | 67 File No. 40 of 1916-17. | 10

Serial No.

funds at the disposal ~~of the Govt~~ when req^d. And Govt are quite willing to continue the 5 lakhs interest-bearing deposit. But does the interest of the public require that the money should be given by Govt to the Bank at 3%? Decidedly not. The public will have the money from the Banks at 7 & 9 per cent whether the Govt charges the Bank 3% or 5%. It is the shareholders of the Bank who benefit by the 3% rate — not the public.

3/7/17

68 / 4.7.17

Dewan).

18 / 4.7.17

Please bring up at the next meeting of Council.

4.7.17 RC

Recd. 17.7.17

Secy).

18 / 67

C.S. on leave 7/17

NOTE—Contn. sheet.

(39)

Subject.- Clause xi of the Schedule.

Representation of the Bank of Mysore regarding the rate of interest on the five lakhs of interest-bearing deposit of the Government of Mysore and certain other concessions.

OPINION OF THE COUNCIL.

(For Disposal at the next Meeting)

No. C. 27

18/7/1917

GENERAL AND REVENUE SECRETARIAT.

COUNCIL MATTER.

SUBJECT.

(Cluase xi of the Schedule).

Representation of the Bank of Mysore regarding the rate of interest on the five lakhs of interest-bearing deposit of the Government of Mysore and certain other concessions.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

D. M. Narasimha Rao

17th July 1917.

Secretary to Government.

202/21-7-17 Extraordinary Member of Council. 24.7.17.

229/20-7 First Member of Council. 20/7

135/20-7-17 Second Member of Council.

WD 2670—GPB—1,000—11-5-17

12

Extract from the Proceedings of the 425th Meeting of the Council of His Highness the Maharaja, held at Bangalore, on the 30th July 1917.

---

3. Subject.-Clause xii of the Schedule.

Representation of the Bank of Mysore regarding the rate of interest on the five lakhs of interest-bearing deposit of the Government of Mysore

OPINION OF THE COUNCIL.

In view of the profits which the Mysore Bank has been earning, 4 per cent. may be regarded as a reasonable rate of interest to charge on the Government deposit of 5 lakhs with the Bank, for the year ending 30th April 1918.

Sd. M. Visvesvarya,

Dewan of Mysore.

"EXTRACT"

D. M. Narayana Rao 31/7

Secretary to Government,
General Department.

WD—156—GPB—1,000—19-7-16.

G. R. S. 12]

3177

13

General and Revenue Secretariat. | G 7 File No. 40 of 1916

Serial No.

Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government, Financial Department, for favour of necessary further action.

By Order

D. M. Narasayya Rao 31/7

Secretary to Government,
General Department,

A/s Fni

D.S.N

1/8

D.F.N with D.S.N as he proceeds

18
1/8

1st member). 18 - with D.F.N + D.S.N.
6/8/17

526
9.8

D.F.N + D.S.N as above
3/8/17

Copy
sent
8/8

Fair trial order signed after 1st member is put up.

9/8/17 Dewan). 18
9.8.17

791
9.8.17

NOTE—Contn. sheet.

W D 2382—GPB—500—20-3-16

Final Note by the First Member of Council.

Subject:—

Representation of the Bank of Mysore regarding the rate of interest on the interest bearing deposit of 5 lakhs with them

---

With His Highness' gracious approval it was decided last year that the interest bearing deposit of 5 lakhs placed with the Bank of Mysore may continue to bear interest at 3 per cent for yet another year from 30th April 1916.

2. The Comptroller in his letter dated 26th February 17 brought to the notice of Government the prevailing high rate of interest on demand drafts in the Presidency Banks and suggested that in view of the expansion of business and large profits earned by the Bank of Mysore the rate of interest may suitably be raised in renewing the fixed deposit of 5 lakhs with the Bank after the expiry of the present term and that as the Bank's year is from January to December the renewal may be fixed for the calendar year.

3. The Financial Secretary proposed and I agreed with his proposal that the rate of interest may be fixed at 5 per cent as the Bank can earn that interest even on reserves invested in gilt edged securities.

4. At the Dewan's suggestion the Bank was consulted as to why they should not be asked to pay the same rates as the Presidency Banks do and an attempt was made to come to reasonable arrangements; But the Bank as usual claimed that in accordance with the Government Order of the 12th March 1913 the rate of interest on this deposit should be continued at 3 per cent unchanged for a period of ten years.

5. This view of the Bank is not however correct.

6. The matter was carefully considered in Council and they are of opinion that in view of the profits which the -

Mysore Bank has been earning, 4 per cent may be regarded as a reasonable rate of interest and that the deposit of 5 lakhs may be renewed for another year ending 30th April 1918 at four per cent.

7. The Bank has been allowed to retain another fixed deposit of 5 lakhs for a period of ten years free of interest.

8. In these circumstances the resolution of the Council may be graciously approved.

8th May 1917

Submitted to His Highness.

83 *I submit herewith a Final Note by the* First *Member of Council on the subject of* fixing rate of interest on the interest-bearing deposit of 5 lakhs kept in the Bank of Mysore, *for His Highness' gracious approval.*

M. Visvesvaraya

Dewan.

11th Aug 1917.

HM

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Fixing the rate of interest on the deposit of five lakhs of rupees kept in the Bank of Mysore.

170

Order.

~~K R W~~

14/8/17

Jn. C Louitt

17.8.17 do

3177

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat.

G 7 File No. 40 of 1916.

Serial No.	
	Draft Sealed
	Issued 23/8
5	

NOTE—Contn. sheet.

D 2010

G.F. 40-15
Ser: 20

It is requested that in future communications on the subject, the No. and date of this letter, and the distinguishing letters, below the number as given opposite, may be quoted and addressed to the Comptroller, Mysore Government.

the communications

No. BK 709 7091

28 FEB 1917

Enc one statement

FORM

OFFICE OF THE COMPTROLLER, MYSORE GOVERNMENT,

Dated Bangalore the 26th February *1917*.

DIWAN BAHADUR J. S. CHAKRAVARTI Esq., M.A.,
N. Krishna Rao Esq.,
Offg: *Comptroller to the Government of His Highness the Maharaja of Mysore:*

To Rajamantrapravina Diwan Bahadur
J. S. Chakravarti ..., Esq., M.A., F.R.A.S., etc.
Secretary to the Government of Mysore,
Financial *Department.*

SIR,

Adverting to your office endorsement No.Fl.224 dated 7th January 1916 forwarding copy of letter No.Fl.223 dated 7th July 1916 to the Manager, Bank of Mysore, intimating that the rate of interest on the Government interest bearing Deposit with the Bank of Mysore may continue at 3% for another year from the date of expiry of the then existing term viz., 30th April 1916, I have the honor to bring the following facts to the notice of Government for consideration in connexion with the rate of interest to be charged on the Deposit at the next revision of the rate. The following is the Bank rate of interest on demand drafts in the three Presidency Banks:

	Madras. per cent.	Bombay. per cent.	Bengal. per cent.
January 1916	7 to 8	6, 7, 8	7 & 8
February ,,	8	8	8
March ,,	8	8	8
April ,,	8	8 & 7	8 & 7
May ,,	8	7 & 6	7
June ,,	8, 7 & 6	6 & 5	6, 7 & 5
July ,,	6	5 & 4	5
August ,,	6	4 & 5	5
September,,	6	5	5 & 6
October ,,	6 & 7	5 & 6	6
November ,,	7	6	7

GPB—2,000—25-8-14

C. O. 42-Rec.—17]

.....Department.

1917.

FROM

~~DIWAN BAHADUR~~
~~J. S. CHAKRAVARTI, ESQ., M.A.,~~
~~F.R.A.S., ETC.,~~
The Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

....., ESQ.,
The Secretary to the Govt. of Mysore,
Financial Dept.

Dated

Despatched 26th February 1917

Received 28th

No. Bk 709.

Subject matter.

Bringing certain points to the notice of Government in connection with the rate of interest to be charge on the 3% deposit with the Mysore Bank at the next revision of the rate.

The rate of 3% is even less than that which is allowed by Government on Savings Deposits of sums at call in Government Savings Banks. In fact before the issue of Government orders closing the Bank's Savings Bank Account, the Bank made a profit of 1/8th per cent by depositing the amount borrowed from Government in the Savings Bank.

According to the Report of the Directors of the Bank of Mysore presented to the shareholders at the Fourth Annual General Meeting, the working capital of the Bank has increased by over 13 lakhs during the year, and the profits earned are 40% in excess of the figure for the previous year, the total net profit for the year aggregating Rs.2,05,581-15-0. There is an addition of Rs.1,00,000/- to the Reserve Fund. The progress of the Bank's business is indicated in the comparative statement appended showing the transactions of the Bank under various heads from the beginning upto date. During the last two years, the Bank has been able to declare a dividend of 6% to the shareholders and some bonus in addition. The working capital of the Bank has increased from about 7 lakhs on 31st December 1913 to over 59 lakhs on 31st December 1916.

The present rate of 3% has been fixed to end of April 1917. But as the Bank's year is from January and December and the interest adjustment is made with reference to this period I beg to suggest that the rate to be newly fixed now may be with reference to the year commencing from 1st January 1917.

I have the honor to be,

Sir,

Your most obedient servant,

Off: Comptroller,

SAM.

Statement Showing details relating to the Bank of Mysore Limited Bangalore.

D

Serial No	Particulars	on 31st Dec 1913	on 30th June 1914	on 31st Dec 1914	on 30th June 1915	on 31st Dec 1915	on 30th June 1916	on 31st Dec 1916	Remarks
1	Share Capital	6,00,000-0-0	10,00,000-0-0	10,00,000-0-0	10,00,000-0-0	10,00,000-0-0	10,00,000-0-0	10,00,000-0-0	
2	Deposits fixed	52999-14-0	4,71,861-8-8	10,30,624-14-3	13,85,623-8-4	19,10,698-3-6	23,41,476-12-0	28,41,914-1-3	
3	Savings Bank Deposits	14,020-13-1	41,926-6-7	50,186-15-4	43,899-1-1	62,755-0-11	87,713-1-5	1,05,269-12-1	
4	Current and other accounts	76,267-10-2	1,76,659-2-3	3,08,167-6-6	6,03,271-11-7	8,27,000-6-7	8,75,640-12-1	10,90,609-2-1	
5	Loans Cash credits, Overdrafts & bills discounted	5,10,585-7-1	15,07,343-2-5	20,44,281-5-5	27,56,149-4-11	36,23,619-9-4	40,82,306-12-1	48,75,086-8-2	
6	Reserve Fund	— " — "	— " — "	12,500-0-0	12,500-0-0	25,000-0-0	25,000-0-0	50,000-0-0	
7	Profits	2891-13-5	31,092-6-4	45,260-15-8	65,255-4-4	71,613-8-7	1,00,137-4-10	91,381-13-2	
8	Rate of Dividend	— " — "	4%	4%	3%	6%	6%	6%	Declared on the several dates
9	Bonus to Shareholders & Staff	— " — "	— " — "	— " — "	— " — "	1,500-0-0	10,000-0-0	3,000-0-0	do do
10	Investments in Government of India promissory notes	— " — "	— " — "	24,533-2-1	33,859-13-5	95,508-9-9	88,580-9-0	88,603-12-0	
11	Face value of the pro notes	— " — "	— " — "	26,500-0-0	36,500-0-0	1,01,100-0-0	99,600-0-0	99,600-0-0	
12	Fixed Deposits in Banks	2,26,263-7-10	2,01,232-14-0	2,54,777-7-8	2,60,356-4-0	— " — "	— " — "	— " — "	

ADC/282 26/3/17

ALL COMMUNICATIONS TO BE ADDRESSED
TO THE MANAGER.
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: A. B. C. 5TH EDITION.
POST BOX No. 37.

No. 87 9752

The Bank of Mysore, Ltd.,

Bangalore, 30th April 1917

DIARY NO 8th may 2731

1916-17
S.H.

V. & RED. SEC.
9 MAY 1917

Copied.

The Financial Secretary to the Government of Mysore,
Bangalore.

Dear Sir,

Enclosed we beg to hand you our statements of affairs for the weeks ended 12th and 19th inst. the receipt of which please acknowledge.

Yours faithfully,

S Ramachandra Rao

Manager.

9 MAY 1917

Statement of Affairs o

FOR THE WEEK EN

LIABILITIES.

Capital a/c.			1000000 -
Deposits Received:			
I. (*a*) Fixed	3264772 -	1	
(*b*) Prudential	74513 10 5	/	
(*c*) Mysore Government Concession	500000 -		
(*d*) Do 3% Permanent	500000 -		4339285 10
II. (*a*) Current	1051987 4 7	/	
(*b*) Savings Bank	181521 0 6	/	
(*c*) Cash Credits	136271 1 4	/	
(*d*) Miscellaneous	28725 2 5	/	1112492 12
Reserve Fund:			175000 -
Reserve for depreciation on Investment			10570 -
Contingency Fund:			150000 -
Sundries:			124422 12
			6776771 3

Percentage of cash on hand to total liabilities payable on demand 75 %

the Bank of Mysore, Ltd.,

ING 12th April 1917.

ASSETS.

Loans, Cash Credits and overdrafts issued on Government Securities:			
(*a*) to Directors and/or their firms		— —	
(*b*) to others		1978381 2 2	
Loans and overdrafts on other securities:			
(*a*) to Directors and/or their firms		121701 2 —	
(*b*) to others		3314001 9 11	3633541 8 11
Cash Credits:			
(*a*) to Directors and/or their firms		32282 7 4	
(*b*) to others		1721148 9 8	1753431 1 —
Bills Discounted and Purchased:			
(*a*) to Directors and/or their firms		41736 8 —	
(*b*) to others		337110 4 —	378846 12 —
Balances at Agencies:			
(*a*) Channapatna		734 15 6	
(*b*) Chickmagalur		704 14 2	
(*c*) Davangere		1275 11 3	
(*d*) Mysore		15802 14 6	
(*e*) Shimoga		— —	
(*f*) Tiptur		— —	
(*g*) Tumkur		— —	
(*h*) Miscellaneous		948 4 5	19466 11 10
Investments in Government Securities:			93901 11 3
Investments in other authorised securities:		—	— — —
Dead Stock:			22364 — 7
Sundries			34306 13 6
Cash:			
(*a*) on hand and at Agencies		408191 3 10	
(*b*) with Bank of Madras, Bangalore		134637 11 —	
(*c*) with other Bankers		168897 5 4	
(*d*) at the Government Treasuries		129186 5 —	
(*e*) Do Savings Bank			840912 9 2
(*f*) Do Short Call			
			6776771 3 5

S Ramachandrayya — *Accountant.*

Manager.

Statement of Affairs o

FOR THE WEEK END

LIABILITIES.

Capital a/c.			1000000	-
Deposits Received:				
I. (*a*)	Fixed	32670291 08		
(*b*)	Prudential	755556 - 5		
(*c*)	Mysore Government Concession	500000 -		
(*d*)	Do 3% Permanent	500000 - 11	4342585	11
II. (*a*)	Current	10762213 3		
(*b*)	Savings Bank	1714810 6		
(*c*)	Cash Credits	1027513 4		
(*d*)	Miscellaneous	793914 10	1115584	15
Reserve Fund:			175000	-
Reserve for depreciation on Investment			10570	-
Contingency Fund:			15000	-
Sundries:			124649	14
			6779390	9

Percentage of cash on hand to total liabilities payable on demand 70 %

the Bank of Mysore, Ltd.,

ING 19th April 1917

ASSETS.

Loans, Cash Credits and overdrafts issued on Government Securities:			
(*a*) to Directors and/or their firms		19718 5 1	
(*b*) to others			
Loans and overdrafts on other securities:			
(*a*) to Directors and/or their firms		106058 2 4	
(*b*) to others		33935661 2 6	3696812 2 3
Cash Credits:			
(*a*) to Directors and/or their firms		31024 15 9	
(*b*) to others		1749203 1 2	1780228 - 11
Bills Discounted and Purchased:			
(*a*) to Directors and/or their firms		29736 8 -	
(*b*) to others		3282108 9	3311844 - 9
Balances at Agencies:			
(*a*) Channapatna		758 - -	
(*b*) Chickmagalur		23016 -	
(*c*) Davangere		9094 8 -	
(*d*) Mysore		- -	
(*e*) Shimoga		3223 -	
(*f*) Tiptur		- -	
(*g*) Tumkur		- -	
(*h*) Miscellaneous		9529 5	13438 3 5
Investments in Government Securities:			9390111 3
Investments in other authorised securities:			
Dead Stock:			223665 6
Sundries			348041 4
Cash:			
(*a*) on hand and at Agencies		335571 3 4	
(*b*) with Bank of Madras, Bangalore		122682 6 11	
(*c*) with other Bankers		181654 12 -	
(*d*) at the Government Treasuries		141184 - -	
(*e*) Do Savings Bank			
(*f*) Do Short Call			779893 - 3
			67793909 9

S Ramachandrayya
Accountant.

Manager.

Draft

GOVERNMENT OF MYSORE

GF 40-16
Sec: 24

D. O. No. Fl 6946.

GENERAL AND REVENUE SECRETARIAT.

GEN. & REV. SECRETARIAT. 2 TYPING Sec. 5 MAY 1917

Dated Bangalore, 5-5-1917

Dear Sir,

Please refer to correspondence ending with D.O.No.Fl. 223 / G.F. 58-15-8 dated 7th July 1915 directing that the rate of interest on the interest bearing deposit left by Government with the Bank may continue at 3 per cent for another year from 30th April 1916.

I am now desired to ask you why the Bank should not in future pay reasonable interest regulated on the Bank rate on the above deposit of 5 lakhs, as the Presidency Banks in British - India do on advances obtained from Government.

I shall be obliged by definite proposals being made by the Bank in this matter.

Yours faithfully,

~~Sd/ B.Srikantaiya~~

4/5

4/5

To

W.C.Rose, Esquire.,

Manager,

Bank of Mysore.Ltd.

Do Fl 6947 dy 5/5/17

Copy is forwarded to the Comptroller to the Government of Mysore with reference to his letter No.2091/Bank 709 dated 25th/27th February 1917.

By Order,

For Secretary to Government.

ALL COMMUNICATIONS TO BE ADDRESSED
TO THE MANAGER.
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: A. B. C. 5TH EDITION.
POST BOX No. 37.

No. G 8/171

The Bank of Mysore, Ltd.,

Bangalore, 10th May 1917

2738

TO -19
SECTION G 7
40—16

The Financial Secretary to the Government of His Highness
the Maharaja of Mysore,
Bangalore.

Dear Sir,

I am in receipt of your D/O.No.Fl.6946/G.F.40-16 dated 5th inst., enquiring why the Bank should not in future pay reasonable interest regulated on the Bank rate on the Government deposit of 5 lakhs as the Presidency Banks in British India do on advances obtained from Government, and asking for definite proposals being submitted by the Bank in the matter.

In reply, I would refer you to my letter No.G.6/113 dated 19th April 1916 wherein information was solicited as to whether the 5 lakh interest bearing deposit is to be regarded as a concession to the Bank, as sanctioned by Govt. Proceedings No.Fl.5121-73/B.18-12-2 dated 18th March 1913, or as an ordinary deposit ranking pari passu with those of other creditors. The Board's views in the matter of the rate of interest on the Government deposit being now enhanced are also fully given in my letter referred to, and to the suggestion that the rate of interest to be paid by the Bank should now be regulated on the Bank rate, as the

Presidency Banks in British India do on advances obtained from Government, the Board respectfully submit that there is no analogy in the financial arrangements of this Bank with the Government of Mysore as there exists between the Presidency Banks and the Government of India. As you are, no doubt, aware the financial agreements between the Presidency Banks and the Government of India are not based on the payment of interest but on the public duties performed and the number of Branches that are established by each Presidency Bank. The Government of India under these agreements undertook to maintain with the Presidency Banks certain fixed, free balances varying from 30 lakhs to 70 lakhs, with an additional 3 lakhs for every Branch opened. These minimum balances are purely nominal as larger sums have always been maintained, and over since the War have been considerably increased, rising in the case of the Bank of Madras from 91 lakhs in December 1914 to 154 lakhs at the end of April 1917. It is thus sufficiently evident that the Government of India far from attempting to gain interest on their funds have in the present abnormal times willingly provided the Presidency Banks with larger funds than usual for their operations.

3) The recommendation of the Royal Commission on Indian Currency, appointed in 1913, for the granting of loans by the Government of India to the Presidency Banks from the Govern-

Government surplus balances in India, has, as far as I am aware, not yet been given effect to, but this recommendation of the Commission refers only to advances for short periods, and not to deposits fixed for a definite time, as in the case of the Government deposit to this Bank, which under the Government Proceedings quoted is for ten years from date of the deposit.

4) Finally, the Directors desire me to point out that in their opinion the time has arrived for the Bank of Mysore to have a share of the Government surplus balances on the same terms as are granted by the Bank of Madras. The Bank's limited resources prevent our giving the financial facilities which the trade of the State demands, and the present financial arrangement of the Government of Mysore with the Presidency Bank is they venture to submit not in accordance with the avowed policy of the Government for the furtherance of trade and industries within the State. The Board submit that, as in the case of the Government of India, the Government of Mysore should maintain, exclusive of the amounts granted to the Bank as concessions under the Government Order above quoted, with our Bank a free balance of 7 lakhs i.e., one lakh for every Agency or Branch opened, and on any excess the Bank will be prepared to allow interest at the rate of

2% below the Bank of Madras rate on the minimum monthly balances running from January to June, and for the remaining six months at 3% per annum. For any special advances required by the Bank for short periods, they are of course willing to pay the same rate as that payable by the Presidency Banks to the Government of India for advances of a similar nature.

Yours faithfully,

Manager.

D. O. No. 7-4465

Bangalore
11th May 1917

(1) To make
(2) To put to final record
(3) To put up with
and file
Cancel & Comm & & discussion
To be shown to me
when finally disposed
of & returned

14.5.17

My dear Sir,

I am sorry to trouble you again in re the Bank of Mysore.

The Financial Secretary has again raised the question of the rate of interest to be charged for the current year on the interest bearing portion of the GPF deposit. 5 lakhs Rs

We are tired of repeating our reasons as to why the rate of interest should not be increased. I beg to enclose for your information our latest reply dated 20th inst on the subject.

It seems to me that the Bank deserves to be treated, as an institution which serves the public,

with greater sympathy and fairness, if it is to make headway and become a permanent & useful adjunct in the Commercial development of the State. Very recently the Mysore Government's Contribution to the War Loan was put through by the Bank of Madras thereby ignoring the existence of the Bank of Mysore

to whom the business had
been promised

yours sincerely
W Wattammaplet

Sir M Visvesvaraya
KCIE
Dewan of Mysore

D·2812

W. D. 2725—GPB—2,000—5-5-16

REPLY.

(To be written on this margin.)

Office of the Dewan of Mysore.

NOTE.

Dated 15th May 1917.

Letter dated 11th May 1917, from Dewan Bahadur Mr.K.P.Puttanna Chetty, in the matter of the payment of a higher rate of interest on the interest bearing portion of the Government deposit, in the Bank of Mysore.

Forwarded to the Financial Secretary with a copy of my reply.

I shall be glad to be favoured with a note by the Financial Secretary, if necessary, after discussing the question personally with Mr.Puttanna Chetty.

I shall also be glad if an early reply × *is sent to my enquiry of the 9th instant as to why the war loan of 33 1/3 lakhs was not paid through the Bank of Mysore.*

16.5.17.

The Financial Secretary.

× Subj to Dewan's ord 15/5/17

Separate note for inst submitted

15/5/17

D. O. No. 4923

Ootacamund
15th May 1917

My dear Mr Puttanna Chetty,

I am in receipt of your letter dated 11th May regarding the enquiry by the Financial Secretary as to why the rate of interest on the Government deposit in the Bank of Mysore should not be enhanced. I have called for the papers from the Office & will look again into the matter with special reference to the considerations set forth in Mr Rose's letter to the Financial Secretary.

Yours Sincerely

CO

15.5.17

(Denwain)

P 3153

ALL COMMUNICATIONS TO BE ADDRESSED
TO THE MANAGER.
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: A. B. C. 5TH EDITION.
POST BOX No. 37.

No. 8/214

18/6/17

The Bank of Mysore, Ltd.,

Bangalore, 18th June 1917

9-2-40-16-31

The Financial Secretary to the Govt. of Mysore,
Bangalore.

Dear Sir,

In reply to your D/O of the 14th No.Fl.7526, I now beg to enclose for the information of the Government a copy of the Agreement dated 22nd April 1910 between the Baroda Govt. and the Bank of Baroda, Ltd. in connection with the work of the Baroda Huzur Treasury. I have been asked to treat the enclosure as confidential.

I hope to arrange for a personal discussion this week with you and will thereafter submit a further communication to Government in continuation of my letter of the 10th May 1917.

I return herewith your rough notes.

Yours faithfully,

Manager.

D. O. NO. H 7526

GENERAL AND REVENUE SECRETARIAT.

Bangalore, Dated 14 June 1917

Dear Sir,

Anent the personal discussion we had on the 22nd May 1917 on the question of interest to be levied on the interest bearing deposit of 5 lakhs with the Bank May I request you to kindly let me know when I may expect to have the further note with definite proposals kindly promised to be sent.

I left with you my rough notes indicating the main points of discussion and I request you to kindly obtain definite information about the concessions to the Barodaa Bank.

A line in reply will oblige.

Yours faithfully,

14/6

To

W.C. Rose, Esq.,

Manager, Bank of Mysore, Ltd.,

Bangalore.

Confidential

Terms with the Bank of Baroda, Ltd. in connection with the work of the Baroda Huzur Treasury transferred to them under His Highness' Orders as per Huzur Kutcherry letter No.1048 dated 22nd April 1910 addressed to the Chairman on the Board of Directors, Bank of Baroda, Ltd. -

****

(a) The whole Treasury work(that is all the work of receiving money and making payments in cash) hitherto done in the Huzur Treasury will be transferred to the Bank.

(b) A minimum balance of Rs.5½ lakhs(five lakhs and a half) will always be kept in the Bank in current account.

(c) His Highness accepts the offer of the Bank communicated in your telegram dated the 27th arch 1910 agreeing to allow interest on the current account at 2 per cent on all sums up to Rs.3 lakhs over the minimum balance of 5½ lakhs. All withdrawals from current account will be without notice.

(d) It shall be at the discretion of the Accountant-General to keep money in the Bank by way of fixed deposits.

(e) Transfer of money shall be made by the Bank free of any charge between Ahmedabad, Broach, Surat, Baroda and Bombay whenever required by the Accountant-General. Provided that the Accountant-General shall have the option of transmitting money through other channel or channels if the Bank does not give commission at market rates.

(f) The Accountant-General may at his discretion keep surplus money in other Banks(whether in current account or fixed deposits or otherwise by way of investment) provided that no payment be made from any current account other than that with the Bank without the sanction of the Minister.

(g) The Account Books of the Bank shall be open to audit and examination by any Officer or Officers or other persons appointed by His Highness' Government. Any objections made by the Bank to such appointment will be duly considered by the His Highness' Govt.

(h) The Bank shall be responsible for all loss or damage in respect of money entrusted to their charge and shall indemnify His Highness'

Government against all such loss or damage.

(i) The said Bank shall receive payments of small amounts in Irish Saorstat copper coins.

(j) The said Bank shall keep sufficient cash balances in coins of all descriptions for trading purposes.

(k) [illegible] the Accountant-General for the time being of the Irish Free State for the purpose of preparing the state account and in order to carry out the orders of the Government in regard to the arrangements now sanctioned.

(l) As the present measure is experimental, His Majesty's Government reserves to itself full power to reconsider the case and the agreement and promises now made after a period of five years.

(m) The above arrangements will come into force as soon as the full amount of the Bank's capital i.e. £.20,00000 has been subscribed.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Points for discussion with the Chairman and the Manager the Bank — 22. 5. 1917.

1). Deposit of 5 lakhs. Rate of interest for 10 years: —

2). deposit of an addl 5 lakhs is also a concession — The 3 pc. will not be granted. Cannot reasonably be claimed as right —

3). The interest of 5% will be the allowable rate — considering the general reduction in the rate of interest —

4). Any information about the Baroda Bank — ?

5). The analysis Royal Bank does not quite hold good. They are

Vide Mr. Ross's letter - page 2

The profit Banking & Discount Business —

3 — 6) Balances in the Presy banks are kept high by Govt of India partly because such high balances are kept for the conducting profitable business.

7) If these balances had been kept in fixed dep they would have remained idle and would not have earned any interest.

8) Nothing positive of the Royal Bank

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Requires no security — The
margin is absolutely safe —

9). Their reserve funds are
very strong.

10). The Presidency Banks have undertaken
to advance Govt. against securities
of all kinds but Land —
This is in the interest of the Govt.
to maintain the credit of the
Presidency Banks by the securities — The
rate of interest charged by the Govt
is usually less than on other advances

11). All the helps which the Govt.
gives to the Presidency Banks does
not — in the opinion of the Govt.

12). The Alipore Govt. maintains its
own Press at Bangalore — It can
depend at all times upon getting them
interest — Their quality is unquestionable

13) What the Govt. of the Country
should be in order to
[illegible] a larger profit into the
pockets of the shareholders —.

13/4) The ratio of Govt. balances invested 65%
for 1 year deposits —

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

16a) Detailed information with full
Statistics as to numbers applying
for the kind of help required by the
Min to

1) the public in the store

2) Mr Pol —

15). As regard — to 1).

a) Has there anywhere any cheque
credit system been discussed:

b) Has trade and industry been
in anyway prejudiced by the War —

c) — Has the Starting of
any mills only between them
for account of the Bank —

d.) Has any thing been encouraged —

16). As regards 2) What is
method and nature of help
rendered under the Govt —

17) What is the extent of help
rendered to Mills —

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

18

Proposals of the Bank when considered :—

1). Free deposit of 5 lakhs for 10 years.

2). Deposit of 5 lakhs @ 3% for 10 years —

3). Free balance of 7 lakhs for 7 years — at 1 Lakh each —

4). Bank Regulations — as any loans at 2% below bank rate. for 7 years to June — & at 3% for Accounts — for the other branches.

5). For special advances the Bank like Regulations — as the Presy banks —

But what is the help the Bank of England does in return —.

6). The question of the Bungalow to be considered — Can it be abolished — Will the Bank undertake Hospitality &c at Bungalow — & the Branches — : —

Also what is the monthly remuneration they intend demand in addition —

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-18

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

The question of the deposit of 5+5
in the Bk — might be considered
separately from the other questions —
which will depend on the Bank's
decision being treated as Mutual-Banking —

19. Proposals 3) & 6) might be
treated separately perhaps —
We are concerned with only 2)?
What is the opinion of Finance Section
Barbados this matter —

18
22/5

ALL COMMUNICATIONS TO BE ADDRESSED
TO THE MANAGER.
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: A. B. C. 5TH EDITION.
POST BOX No. 37.

No. Q. 8/221

16/23.6.17.

The Bank of Mysore, Ltd.

Bangalore, 23rd June 1917

D 3177

Q.2-64 K-32

The Financial Secretary to the Government of Mysore,
Bangalore.

Dear Sir,

Following my letter of the 18th inst, and in further reply to your D/O of the 14th No. Fl. 7626, I now append my further note ~~with definite proposals~~ on the question of interest to be levied on the interest-bearing deposit of 5 lakhs ~~of Govt.~~ with the Bank.

The question of the deposit with the Bank of another 5 lakhs at a reasonable interest i.e., not less than three per cent per annum" resolves itself into the following considerations:

(a) Is the deposit a concession to the Bank in the same manner as the non-bearing interest deposit of five lakhs is for a period of 10 years ?

(b) Is the former under the Govt. Order of the 12th March 1913 a deposit "for a fixed period of ten years" or a yearly one subject to a "fluctuating" reasonable rate of interest ?

(c) What was a reasonable rate of interest "when the Bank started operations" ?

Reading para 4 of the Govt. Order referred to in conjunction with para 4(i), there can be no question that

the Govt. Order is one granting specific privileges to the Bank, and both the non-interest bearing and interest bearing deposit can only be regarded as concessions to the "Bank when started", and the period of the interest-bearing deposit is to be co-extensive with that of the non-interest bearing deposit and with the period for which the Govt. have promised to bear, subject to the limitation, half the expenses of the Bank. Admitting this construction of the Order, it follows that both concessions are to run for period of 10 years - the first to come into operation simultaneously with the raising of the Bank's Paid-up capital from time to time not exceeding 5 lakhs, and the latter "when required by the Bank" There is nothing in the language of the Govt. Order that can be construed to have the effect of making the interest-bearing deposit a yearly deposit, the rate of interest liable to fluctuation at the discretion of the Government and making it dependent upon circumstances from time to time.

The crux of the whole question is (c) What was a reasonable rate of interest when the "Bank was started" If it is conceded that the deposit is "a concession", and the period fixed for it 10 years, the rate of interest as fixed at the onset must, also, be construed as unalterable, for otherwise, nothing could be easier to make and render the concession to be of little value merely by the yearly raising of the rate of interest.

In considering this question of a "reasonable rate" no regard should be had to any rate which Government may now have to pay for money as they have already decided the rate of interest to be paid by the Bank when it started operations. To decide what is "reasonable interest" must be judged from the average rate of interest earned by the Government on its investments &c. when the concession was given to and taken by the Bank. It is well known that Government used up to 1914 to invest its surplus funds in the 4% Debentures of the Bombay Municipality & Port Trust Debentures, and so late as the 1st April 1917(and still continues to do so on certain contingencies) allowed 3 1/8% interest for Savings Bank Deposits - these rates being considered by the Government as the full market value of money at the periods named. It is submitted that in the light of a concession - and one in which the Government suffer no loss in capital - the 3% fixed by Government in 1914 for the 5 lakhs of interest-bearing deposit can rightly and fairly be considered a "reasonable rate of interest" intended to continue for 10 years irrespective of any change in the money market. The fact that Government have this year enhanced their rate of interest for Savings Banks has no bearing with a concession granted to the Bank in 1914. The action of the Gwalior State in depositing 20 lakhs with the Alliance

Bank of Simla, Ltd. fixed at 3½% rate, as a concession solely to open a Branch of the Bank in Gwalior has already been brought to the notice of the Government as a precendent of a practical nature.

Further, it is submitted that for Government to base their argument for an enhancement of the rate of interest on the present abnormal value of money would be an act not justified by public policy or in accordance with its avowed policy to foster commercial enterprise. The granting of the concession and the 3% payable by the Bank should not be judged solely from the point of view of its profitableness to Government, but the benefits derived by the whole mercantile community by the institution of the Bank. It will not be disputed that prior to the establishment of the Bank the rate of interest paid by the mercantile community for advances ranged from 12 to 36 per cent, whereas the Bank's average rate may be said to be 8%. With advances outstanding now to the extent of over 50 lakhs, it is not difficult to estimate the gain to the public of at least 2 lakhs per annum, and not only have the concessions granted by the Government been of benefit to the general public, but the founding of the Bank has been a source of profit to the the Government itself, in as much as that it has lowered the rates of internal exchange, which formerly were paid by the Government, by 50%, and

in the matter of the purchase of securities it has in a recent operation secured to Government a gain of 1/8% on 35 lakhs. It is thus clear that the Government as well as the public have directly been benefitted by the establishment of the Bank.

While on this subject mention may be made of the favorable financial arrangements that exist between the Government of Baroda and the Bank of Baroda, Ltd., a copy of which has already been forwarded to you. At the present time there are good grounds for stating that a very large portion of the deposits of the Baroda Bank are Government deposits, and judging from the agreement of the 22nd April 1910 surplus deposits to the extent of 3 lakhs in excess of the minimum free balance of 5 lakhs stipulated for are only receiving 2% interest per annum.

Yours faithfully,

Manager.

G. R. S. 26]

File No. 40-16

Serial No. 33

Diary No. of letter replied to 3177

D O

No. 969

General and Revenue Secretariat

(67)

, the 191 .

To

Dear Sir

With reference to correspondence ending with your letter No 67 8/221 dated 23rd June 1917, I am directed to state that ~~the rate of interest on~~ ~~the~~ interest bearing deposit of 5 lakhs ~~of Government funds~~ with the Bank ~~has been~~ ~~fixed~~ at 4 p.c. ~~to~~ ~~be~~ ~~maintained~~ for another year from the date of

Government have decided to reduce the charge in regard to the above at 4 p.c. and renew it for another

over.

SUBJECT.

the expiry of the present
term viz 30th April 17

yours faithfully

for

Secretary

23/8/17

Mr. ...

Mr. L. Rose Esq.
Manager - Bank
of Mysore Ld.

No. 9L970 Dated 25-8-1917.
Copy to Complt. for information
& ref. upon this letter No. 9

List of enclosures

Copied by

Examined by

GPB—20,00—10-10-14